



## **Annual Financial Report**

**For the year ended 30 June 2015**

**Nagambie Mining Limited**

ABN 42 111 587 163

## Corporate Directory

**NAGAMBIE MINING LIMITED** ABN 42 111 587 163  
**CLONBINANE GOLDFIELD PTY LTD** ACN 160 928 932  
**NAGAMBIE DEVELOPMENTS PTY LTD** ABN 37 130 706 311  
**NAGAMBIE LANDFILL PTY LTD** ABN 90 100 048 075

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

533 Zanelli Road  
 Nagambie Vic 3608  
 Telephone: (03) 5794 1750  
 Facsimile: (03) 5794 1790  
 Website: [www.nagambiemining.com.au](http://www.nagambiemining.com.au)  
 Email: [info@nagambiemining.com.au](mailto:info@nagambiemining.com.au)

### POSTAL ADDRESS

PO Box 339  
 Nagambie Vic 3608

### DIRECTORS

Michael W Trumbull (Executive Chairman)  
 Geoff R Turner (Non-Executive Director – Exploration)  
 Kevin J Perrin (Non-Executive Director – Finance)

### COMPANY SECRETARY

Alfonso M G Grillo

### AUDITOR

William Buck Audit (VIC) Pty Ltd  
 Level 20, 181 William Street  
 Melbourne Vic 3000

### PRINCIPAL LEGAL ADVISER

GrilloHiggins Lawyers  
 Level 20, 31 Queen Street  
 Melbourne Vic 3000  
 Telephone: (03) 8621 8881  
 Facsimile: (03) 8621 8889  
[www.grillohiggins.com.au](http://www.grillohiggins.com.au)

### SHARE REGISTRY

Advanced Share Registry Limited  
 150 Stirling Highway  
 Nedlands WA 6009  
 Telephone: (08) 9389 8033  
 Facsimile: (08) 9389 7871

### SECURITIES EXCHANGE LISTING

Nagambie Mining Limited shares are listed  
 on the Australian Securities Exchange  
 ASX code: NAG

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## Directors' Report

The directors of Nagambie Mining Limited submit herewith the annual financial report of the company and its controlled entities (the group) for the financial year ended 30 June 2015.

### Directors

The names and particulars of the company directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless stated otherwise.

Name	Particulars
<p><b>MICHAEL W TRUMBULL</b>  <i>Non-Executive Director</i>            Appointed 28 July 2005  <i>Non-Executive Chairman</i>            Appointed 20 December 2007  <i>Executive Chairman</i>            Appointed 13 September 2013            Age 65</p>	<p>Michael Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and an MBA from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 40 years of broad mining industry experience with mines / subsidiaries of MIM, Renison, WMC, CRA, AMAX, Nicron, ACM and BCD Resources.</p> <p>From 1983 to 1991, he played a senior executive role in expanding the Australian gold production assets of ACM Gold. From 1985 to 1987, he was Project Manager and then Resident Manager of the Westonia open pit gold mine and treatment plant in Western Australia. From 1987 to 1991, he was General Manager – Investments for the ACM Group.</p> <p>From 1993 to 2011, he was a Director of the BCD Resources Group and was involved in the exploration, subsequent mine development and operation of the Beaconsfield underground gold mine in Tasmania. From 1993 to 2003, he was the sole Executive Director of BCD and, from 2003 to 2004, was the Managing Director.</p> <p><i>Other current Directorships of Listed Companies</i>            None</p> <p><i>Former Directorships of Listed Companies in last three years</i>            None</p>
<p><b>GEOFF R TURNER</b>  <i>Non-Executive Director</i>  <i>Exploration</i>            Appointed 20 December 2007            Age 67</p>	<p>Geoff Turner, a geologist with a B.Sc (Hons) &amp; M.Sc (Exploration &amp; Mining Geology), is a Registered Professional Geoscientist and Fellow of the Australian Institute of Geoscientists (AIG). He has 30 years' experience in mineral exploration in the Lachlan Fold Belt, the Tanami, the West African Shield and the Yilgarn. Since 2000, he has managed his own exploration services company based in Bendigo, Exploration Management Services Pty Ltd, which provides field and technical services to the mineral industry.</p> <p>Geoff is a member of the Audit and Compliance Committee.</p> <p><i>Other Current Directorships of Listed Companies</i>            None.</p> <p><i>Former Directorships of Listed Companies in last three years</i>            None</p>

<p><b>KEVIN J PERRIN</b></p> <p><i>Non-Executive Director Finance</i></p> <p>Appointed 17 September 2010</p> <p><i>Deputy Chairman</i></p> <p>Appointed 20 December 2010</p> <p>Age 66</p>	<p>Kevin Perrin is a Certified Practising Accountant (CPA). Since 1 July 2012, he has been a consultant to Prowse Perrin &amp; Twomey after having been a partner in that business for 37 years. Prowse Perrin &amp; Twomey is a firm of CPA's located in Ballarat which conducts an accounting, taxation, audit and financial advisory practice. He is also a consultant to PPT Financial Pty Ltd, having been a director and shareholder of that company for 22 years. PPT Financial Pty Ltd is an independent investment advisory firm holding an Australian Financial Services Licence. Prior to that time, he held a personal Securities Dealers Licence and was a member of the Stock Exchange of Ballarat Limited.</p> <p>Kevin is Chairman of the Audit and Compliance Committee</p> <p><i>Other Current Directorships of Listed Companies</i> None</p> <p><i>Former Directorships of Listed Companies in last three years</i> BCD Resources NL – appointed February 2006, resigned September 2012 BCD Resources (Operations) NL - appointed February 2007, resigned September 2012</p>
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### Company Secretary

#### **ALFONSO M G GRILLO BA LLB**

Alfonso M G Grillo is a Partner at GrilloHiggins Lawyers. He holds a Bachelor of Arts and Bachelor of Law degree. Alfonso has expertise in various aspects of commercial law, including company meeting practice and corporate governance procedures, fundraising and fundraising documentation, ASX Listing Rules and mergers and acquisitions.

Alfonso advises resource industry companies in relation to mining and exploration projects, acquisition and divestment of assets, joint ventures, due diligence assessments and native title issues.

### Principal activities

The principal activity of the group during the financial period was exploration for, and development of, gold, associated minerals, and construction materials in Victoria. The group is also investigating waste handling opportunities.

### Review of operations

The company's principal objectives continued to be to: (1) evaluate and develop 100%-owned, oxide, heap-leachable gold prospects on and within economic trucking distance of the Nagambie Mine, targeting a minimum of 10,000 ounces of gold production per year for 10 years; (2) develop all the construction material opportunities at the Nagambie Mine, including the sale of overburden and tailings as gravel and aggregate products and the commercialisation of the sand deposits; (3) develop a hard inert residual waste landfill operation at the Nagambie Mine; and (4) develop the 1990s water-filled open pits at the Nagambie Mine to accept sulphidic construction spoil (known as "PASS") from Melbourne.

As at 30 June 2015, the company had eight granted Exploration Licences, one granted Mining Licence and two Retention Licence Applications in central Victoria. All tenements are for gold and associated minerals and are in good standing.

Wandean, 9 km north west of the Nagambie Mine, was declared a virgin gold discovery in July 2014 following the receipt of assays from the third-phase drilling program. The best Wandean oxide intersection from the program was 5 metres at 11.4 g/t gold, including 1 metre at 37.8 g/t gold. Average gold grade remains to be determined but, subject to further work, could be in the range 1.0 g/t to 1.5 g/t. Early indications are that recovery by cyanide leaching in the laboratory after 24 hours could average as high as 96% of the assayed grade, which indicates that heap leach recovery for Wandean mineralisation could exceed the 80% average figure achieved at the Nagambie Mine in the 1990s.

The group acquired the entire Clonbinane Goldfield in July 2014 for \$390,000 worth of Nagambie Mining shares at 3.0 cents per share. A preliminary Inferred Resource of 47,000 ounces of gold (609,000 tonnes at 2.4 g/t gold) was estimated in 2008 for Clonbinane by a previous owner. Heap-leach testwork on bulk samples from the Apollo Prospect at Clonbinane in 1987 by a previous owner indicated that operational gold recovery for Apollo could be in the range 80% to 85%, very high by industry standards.

A shallow trenching program at the Apollo-Gladys area in the Clonbinane Goldfield, reported in May 2015, gave a highest individual result for the 1.0 metre samples taken of 20.8 g/t gold. The best continuous interval trench result, across the strike of the mineralisation, was 28 metres at 2.3 g/t gold. A work program has been submitted to excavate three deeper trenches at Apollo-Gladys to better define the surface gold mineralisation ahead of preparing a mining licence application.

In October 2014, a 20-year lease agreement was signed with the Australian Department of Defence to enable the construction of an Underwater Explosives Testing Facility at the eastern end of the East Pit at the Nagambie Mine. The rental is \$150,000 per annum plus GST plus uncapped CPI, payable quarterly in advance.

The 1990s open pits at the Nagambie Mine could accept around 6.2 million tonnes of PASS under water from construction projects in Melbourne. The group investigated whether there are any alternative large under-water sites that could accept Melbourne PASS and concluded that none exist. Melbourne PASS can be stored above ground in metropolitan landfill sites but that alternative is a poor environmental outcome for Victoria and a very expensive solution. Construction of numerous high rise buildings, up to 40 stories, at Fishermans Bend, south west of the CBD, will commence in FY 2016. The large excavations required for solid foundations and underground car parking levels will result in large quantities of PASS requiring storage.

Total revenue, principally from sales of non-gold materials, increased by \$71,172 to \$192,102 for the 2015 financial year. The net loss before impairments and income tax benefit from R&D incentive was \$615,255 for the year, \$79,902 more than the 2014 financial year loss of \$535,353. Total impairment of exploration tenements for the 2015 financial year on the Redcastle, Laura and Nagambie South tenements was \$403,934. An R&D tax incentive amount of \$384,378 reduced the overall net loss for the year to \$634,351.

A total of \$1,284,671 in additional share capital was issued by the company during the 2015 financial year. This included \$390,000 for a placement at 3.0 cents per share in July 2014, a placement of \$248,171 in April 2015 at 3.3 cents per share and finally an amount of \$150,500 was raised from a share placement at 3.5 cents per share in May 2015. There were 14,966,668 shares issued from conversion of convertible notes during the year which saved the company having to make repayments of \$496,000 in September 2015. In addition \$110,000 was raised from a new series of convertible notes.

### Likely Developments

At the start of the 2016 financial year, Nagambie Mining is planning to:

1. Prepare the East and West Pits at the Nagambie Mine to accept sulphidic fill (known as PASS) from Melbourne construction projects, including PASS from high-rise building excavations;
2. Submit a mining licence application for the Apollo-Gladys oxide gold mineralisation at Clonbinane;
3. Prepare a section of the existing heap leach pad at the Nagambie Mine for the heap leaching of Clonbinane and Wandean gold mineralisation;
4. Prepare a separate section of the existing heap leach pad to accept residual hard inert landfill (principally construction and demolition waste);
5. Tender for the new heap leach process equipment required; and
6. Tender for the contract crushing, agglomeration and conveyor stacking of gold ore onto the heap leach pad.

### Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

### Subsequent events

The following events have occurred after reporting date and are of significance to the company:

On 29 July 2015, Nagambie Mining announced to the ASX that it had raised \$420,000 by the issue of a further 8,400,000 Series 4 Convertible Notes at 5.0 cents per note.

On 17 August 2015 the Company announced to the ASX that shareholders would be invited to participate in a Share Purchase Plan (SPP). This would enable shareholders to acquire further shares at a price of 3.3 cents per share. The SPP will be capped at \$1,000,000. The directors also advised that they intended to take up their maximum entitlement.

### Environmental regulations

The company's exploration and mining tenements are located in Victoria. The operation of these tenements is subject to compliance with the Victorian and Commonwealth mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The directors are not aware of any breaches of mining and environmental regulations and legislation during the year and up to the date of this report.

## Dividends

No dividends in respect of the current financial period have been paid, declared or recommended for payment (2014: Nil).

## Share options

### Share options granted to directors and consultants

Options with an exercise price of \$0.10 were granted during the year to the following directors and consultants:

Michael Trumbull	4,000,000
Geoff Turner	2,000,000
Kevin Perrin	2,000,000
Alfonso Grillo	1,000,000

### Shares under option or issued on exercise of options

There were no options exercised during the year. Details of issued options are included in the Remuneration Report.

## Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, executive officers and any related body corporate against a liability incurred by a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

## Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year 5 board meetings and 4 audit and compliance committee meetings were held.

Directors	Board of directors		Audit and compliance committee	
	Held	Attended	Held	Attended
Michael Trumbull	5	5	-	-
Geoff Turner	5	5	4	4
Kevin Perrin	5	5	4	4

## Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options on shares of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Michael Trumbull	18,680,096	11,000,000
Geoff Turner	1,552,779	7,000,000
Kevin Perrin	10,809,780	7,000,000

## Remuneration report (Audited)

### Remuneration policy for directors and executives

#### Details of key management personnel

The directors and key management personnel of Nagambie Mining Limited during the financial year were:

Michael Trumbull	Executive Director
Geoff Turner	Non-Executive Director
Kevin Perrin	Non-Executive Director
Alfonso Grillo	Company Secretary

#### Remuneration Policy

The Board is responsible for determining and reviewing the compensation of the directors, the chief executive officer, the executive officers and senior managers of the company and reviewing the operation of the company's Employee Option Plan. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the company's operations. The board of directors also recommends levels and form of remuneration for non-executive directors with reference to performance and when sought independent expert advice. The total sum of remuneration payable to non-executive directors shall not exceed the sum fixed by members of the company in general meeting.

In accordance with ASX Listing Rule 10.17, the current maximum aggregate compensation payable out of the funds of the company to non-executive directors for their services as directors is \$250,000. For the year ending 30 June 2015, the board resolved that the executive chairman's remuneration be set at \$164,192 (2014: \$163,875) per annum excluding superannuation and share based payments. For non-executive directors, remuneration was set at \$42,000 (2014: \$42,000) per annum excluding superannuation and share based payments. Where a director performs special duties or otherwise performs consulting services outside of the scope of the ordinary duties of a director then additional amounts will be payable.

There is no direct relationship between the company's remuneration policy and the company's performance. That is, no portion of the remuneration of directors, secretary or senior managers is 'at risk'. However, in determining the remuneration to be paid in each subsequent financial year, the board will have regard to the company's performance. Therefore, the relationship between the remuneration policy and the company's performance is indirect.

#### Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2015.

	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
Revenue	192	121	162	246	279
Net loss before tax	(634)	(743)	(1,355)	(473)	(420)
Net loss after tax	(634)	(743)	(1,355)	(473)	(420)

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share price at start of year (cents)	3.2	2.0	1.5	2.3	3.0
Share price at end of year (cents)	3.4	3.2	2.0	1.5	2.3
Dividends paid	Nil	Nil	Nil	Nil	Nil
Basic earnings per share (cents)	(0.21)	(0.28)	(0.68)	(0.28)	(0.25)
Diluted earnings per share (cents)	(0.21)	(0.28)	(0.68)	(0.28)	(0.25)

**Director and executive remuneration**

The directors, executives and consultants detailed below received the following amounts as compensation for their services during the year:

		Short Term Benefits	Post Employment Benefits	Share Based Payment	Other LongTerm Benefits	Termination Benefits	Total
		Salary and fees	Superannuation	Options non cash			
		\$	\$	\$	\$	\$	\$
<b>Directors</b>							
Michael Trumbull (1)	2015	164,192	-	56,000	-	-	220,192
	2014	163,875	-	28,000	-	-	191,875
Geoff Turner (2)	2015	150,745	3,990	28,000	-	-	182,735
	2014	236,528	3,885	14,000	-	-	254,413
Kevin Perrin (3)	2015	45,972	-	28,000	-	-	73,972
	2014	45,885	-	14,000	-	-	59,885
<b>Total for Year</b>	<b>2015</b>	<b>360,909</b>	<b>3,990</b>	<b>112,000</b>	<b>-</b>	<b>-</b>	<b>476,899</b>
Total for Year	2014	446,288	3,885	56,000	-	-	506,173

Apart from the contract disclosed at (1) below there were no other contracts with management or directors in place during the 2015 and the 2014 financial years.

- (1) Michael Trumbull is employed as Executive Chairman under a Consultancy Agreement which commenced on 1 July 2013 and is ongoing. The fixed remuneration level was set at \$164,192 (2014: \$163,875) per annum plus provision of a motor vehicle and reimbursement of out of pocket expenses. The contract may be terminated upon giving 6 months notice by the Company or 3 months by the Consultant.  
During the 2015 financial year fees of \$164,192 (2014: \$163,875) were paid to Cypron Pty Ltd, an entity controlled by Michael Trumbull, for his services as a director of the company.
- (2) During the 2015 financial year Geoff Turner was paid director's fees of \$42,000 (2014: \$42,000) plus \$3,990 (2014: \$3,885) in superannuation for his services as a director of the company. The company also paid fees of \$108,745 (2014: \$194,528) to Exploration Management Services Pty Ltd (EMS), an entity controlled by Geoff Turner, for professional geological consultancy services provided by Geoff Turner and other EMS personnel.  
At 30 June 2015 there was an amount of \$21,266 (2014: \$15,333) owing to EMS.
- (3) During the 2015 financial year fees of \$45,972 (2014: \$45,885) were paid to Vinda Pty Ltd, an entity controlled by Kevin Perrin, for his services as a director of the company.

**Shareholdings of key management personnel**

	Balance 1 July 2014	Granted as remuneration	On exercise of options	Net change (1)	Balance 30 June 2015
Michael Trumbull	18,460,096	-	-	220,000	18,680,096
Geoff Turner	1,552,779	-	-	-	1,552,779
Kevin Perrin	10,809,780	-	-	-	10,809,780
<b>Total</b>	<b>30,822,655</b>	<b>-</b>	<b>-</b>	<b>220,000</b>	<b>31,042,655</b>

(1) Net change refers to on and off market acquisitions/disposals.



### Executive Options

The consolidated entity has an ownership-based remuneration scheme for staff and executives (including executive and non-executive directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, staff and executives of the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors.

Each share option converts into one ordinary share of Nagambie Mining Limited on exercise by the payment of 10 cents. No amounts are paid or payable by the recipient on receipt of the options. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors of the company.

The options granted expire five years after their issue or one month after the resignation of the staff member or executive, whichever is the earlier, or as otherwise determined by the board of directors. There are 33,550,000 share options on issue under this plan, of which 25,000,000 are executive share options.

#### Options held at the end of the reporting period

Number of Options	Grant Date	Vesting Date	Expiry Date	Exercise Price
4,000,000	26/11/2010	26/11/2012	26/11/2015	10 cents
400,000	11/03/2011	11/03/2013	11/03/2016	10 cents
4,400,000	30/11/2011	30/11/2011	30/11/2016	10 cents
4,750,000	31/10/2012	31/10/2012	31/10/2017	10 cents
9,500,000	3/12/2013	3/12/2013	3/12/2018	10 cents
10,500,000	28/11/2014	28/11/2014	28/11/2019	10 cents
<b>33,550,000</b>				

#### Value of options issued to directors and executives

The following grants of share-based payment compensation to directors and senior management relate to the 2015 financial year:

Name	Option series	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for year consisting of options
Michael Trumbull	issued 28 Nov 2014	4,000,000	4,000,000	100%	0%	25.4%
Geoff Turner	issued 28 Nov 2014	2,000,000	2,000,000	100%	0%	15.3%
Kevin Perrin	issued 28 Nov 2014	2,000,000	2,000,000	100%	0%	37.9%

The following table summarises the value of options granted, exercised or lapsed during the 2015 financial year to directors and senior management:

Name	Value of options granted at the grant date (i)	Value of options exercised at the exercise date	Value of options lapsed at the date of lapse
	\$	\$	\$
Michael Trumbull	56,000	Nil	Nil
Geoff Turner	28,000	Nil	Nil
Kevin Perrin	28,000	Nil	Nil

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

No options were exercised during the reporting period. 2,550,000 options lapsed during the reporting period.

#### Option holdings of key management personnel

	Balance 1 July 2014	Granted as remuneration	Options expired	Balance 30 June 2015	Vested and exercisable at 30 June 2015
Michael Trumbull	7,500,000	4,000,000	(500,000)	11,000,000	11,000,000
Geoff Turner	5,500,000	2,000,000	(500,000)	7,000,000	7,000,000
Kevin Perrin	5,000,000	2,000,000	-	7,000,000	7,000,000
<b>Total</b>	<b>18,000,000</b>	<b>8,000,000</b>	<b>(1,000,000)</b>	<b>25,000,000</b>	<b>25,000,000</b>

**Non-audit services**

As detailed in note 24 to the financial statements no amount has been paid to the auditor during the financial year for non-audit services.

**Auditor's independence declaration**

The auditor's independence declaration is attached to this directors' report.

**Proceedings on behalf of the company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors



Michael W Trumbull  
Executive Chairman

Melbourne  
28 August 2015

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NAGAMBIE MINING LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

**William Buck Audit (VIC) Pty Ltd**  
ABN: 59 116 151 136

A handwritten signature in black ink, appearing to read 'N. S. Benbow', written over a light blue horizontal line.

**N. S. Benbow**  
Director

Dated this 28<sup>th</sup> day of August, 2015

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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Melbourne VIC 3000

**Hawthorn Office**  
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Hawthorn East VIC 3123

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**Statement of Profit and Loss and Other Comprehensive Income  
for the financial year ended 30 June 2015**

	Note	Consolidated	
		2015 \$	2014 \$
Revenue	4	192,102	120,930
Corporate expenses		(388,828)	(342,022)
Depreciation and amortisation		(11,573)	(9,769)
Employee benefits expense	4	(185,698)	(74,492)
Finance costs	4	(221,258)	(230,000)
Impairment of exploration assets	9	(403,934)	(391,297)
Loss before income tax		(1,019,189)	(926,650)
Income tax benefit	5	384,838	183,878
<b>Loss for the year</b>		<b>(634,351)</b>	<b>(742,772)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(634,351)</b>	<b>(742,772)</b>
<b>Loss per share</b>			
Basic and diluted loss per share in cents	6	(0.21)	(0.28)

The accompanying notes form part of these financial statements

**Statement of Financial Position  
as at 30 June 2015**

	Note	Consolidated	
		2015 \$	2014 \$
<b>Current assets</b>			
Cash and cash equivalents	14(b)	194,527	473,396
Trade and other receivables	7	27,023	94,962
<b>Total current assets</b>		<b>221,550</b>	<b>568,358</b>
<b>Non-current assets</b>			
Security deposits	8	598,215	575,215
Property, plant and equipment	10	70,251	59,708
Exploration and evaluation assets	9	6,818,177	6,125,364
<b>Total non-current assets</b>		<b>7,486,643</b>	<b>6,760,287</b>
<b>Total assets</b>		<b>7,708,193</b>	<b>7,328,645</b>
<b>Current liabilities</b>			
Trade and other payables	11	123,557	155,980
Provisions	16	4,783	4,132
Borrowings	15	100,000	-
<b>Total current liabilities</b>		<b>228,340</b>	<b>160,112</b>
<b>Non-current liabilities</b>			
Borrowings	15	1,814,000	2,300,000
<b>Total non-current liabilities</b>		<b>1,814,000</b>	<b>2,300,000</b>
<b>Total liabilities</b>		<b>2,042,340</b>	<b>2,460,112</b>
<b>Net assets</b>		<b>5,665,853</b>	<b>4,868,533</b>
<b>Equity</b>			
Issued capital	12	17,714,489	16,429,818
Reserves	13	355,924	208,924
Accumulated losses		(12,404,560)	(11,770,209)
<b>Total equity</b>		<b>5,665,853</b>	<b>4,868,533</b>

The accompanying notes form part of these financial statements

**Statement of Changes in Equity  
for the financial year ended 30 June 2015**

	Consolidated			Total \$
	Issued capital \$	Options reserve \$	Accumulated losses \$	
<b>Balance at 1 July 2013</b>	<b>14,849,266</b>	<b>142,424</b>	<b>(11,027,437)</b>	<b>3,964,253</b>
Shares issued during the year	1,596,852	-	-	1,596,852
Share issue costs	(16,300)	-	-	(16,300)
Recognition of share based payments	-	66,500	-	66,500
Total comprehensive income	-	-	(742,772)	(742,772)
<b>Balance at 30 June 2014</b>	<b>16,429,818</b>	<b>208,924</b>	<b>(11,770,209)</b>	<b>4,868,533</b>
Shares issued during the year	1,284,671	-	-	1,284,671
Recognition of share based payments	-	147,000	-	147,000
Total comprehensive income	-	-	(634,351)	(634,351)
<b>Balance at 30 June 2015</b>	<b>17,714,489</b>	<b>355,924</b>	<b>(12,404,560)</b>	<b>5,665,853</b>

The accompanying notes form part of these financial statements

## Statement of Cash Flows for the financial year ended 30 June 2015

	Note	Consolidated	
		2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		200,710	56,839
Payments to suppliers and employees		(410,449)	(350,089)
Interest received		26,410	29,948
Interest paid		(237,185)	(230,000)
R&D tax incentive		384,838	183,878
<b>Net cash used in operating activities</b>	14(a)	<b>(35,676)</b>	<b>(309,424)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(22,117)	(1,857)
Payments for exploration expenditure		(683,376)	(925,459)
Proceeds from security bonds		-	19,016
Payments for security bonds		(23,000)	-
<b>Net cash used in investing activities</b>		<b>(728,493)</b>	<b>(908,300)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		375,300	1,596,852
Payment of share issue costs		-	(16,300)
Proceeds from issue of convertible notes		110,000	-
<b>Net cash provided by financing activities</b>		<b>485,300</b>	<b>1,580,552</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>278,869</b>	<b>362,828</b>
Cash and cash equivalents at the beginning of the financial period		473,396	110,568
<b>Cash and cash equivalents at the end of the financial period</b>	14(b)	<b>194,527</b>	<b>473,396</b>

## Notes to the Financial Statements for the financial year ended 30 June 2015

### 1. General information

Nagambie Mining Limited (the Company) is a listed for-profit public company, incorporated in Australia and operating in Victoria. The registered office and principal place of business for the Company are located at 533 Zanelli Road, Nagambie Vic 3608. These financial statements were authorised for issue on the date of the signing of the attached Directors' Declaration.

### 2. Significant accounting policies

#### Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*, Australian Accounting Standards and Interpretations. The financial statements include the consolidated financial statements of the Group.

Compliance with Australian Accounting Standards (AASBs) ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

#### Basis of preparation

The financial statements have been prepared on an accruals basis using historical cost and the going concern basis of accounting. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the functional and presentation currency of the Company and its controlled entities. Comparative information where necessary has been reclassified in order to achieve consistency in presentation with amounts disclosed in the current year.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

#### (a) Going concern

For the year ended 30 June 2015 the consolidated net loss was \$634,351 (2014: \$742,772), the net cash outflows used in operations for the year were \$35,676 (2014: \$309,424) and the Group had a net working capital deficiency of \$6,790 (2014: working capital surplus of \$408,246).

The Group has cancellable planned exploration expenditure under its leased tenements extending to 30 June 2016 of \$682,650 (2015: \$578,212).

The directors have assessed the current cash balances available to the entity, along with the operating and capital expenditure plans and expected obligations over the next 12 months. They are mindful of their obligations to ensure that there is adequate working capital available for operations and in this regard the following initiatives are being planned to improve group income:

1. Prepare the East and West Pits at the Nagambie Mine to accept sulphidic fill (known as PASS) from Melbourne construction projects, including PASS from high-rise building excavations;
2. Submit a mining licence application for the Apollo-Gladys oxide gold mineralisation at Clonbinane;
3. Prepare a section of the existing heap leach pad at the Nagambie Mine for the heap leaching of Clonbinane and Wandean gold mineralisation;
4. Prepare a separate section of the existing heap leach pad to accept residual hard inert landfill (principally construction and demolition waste);
5. Tender for the new heap leach process equipment required; and
6. Tender for the contract crushing, agglomeration and conveyor stacking of gold ore onto the heap leach pad.

If necessary, the Group has additional capacity to meet its financial commitments through the following:

- Issue of additional shares and/or convertible notes;
- Reclaiming cash backed environmental bonds for mineral tenements with the Department of State Development, Business and Innovation Victoria and therefore foregoing any capital commitments on those tenements surrendered; and
- Scaling back its administrative and corporate costs, including a reduction in fees payable to directors as far as possible.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.



## 2. Significant accounting policies (continued)

### (b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (referred to as 'the Group' in these financial statements). The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

### (c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (d) Employee benefits

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### (e) Financial instruments

#### Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

#### Classification and subsequent measurement

Financial assets are classified on initial recognition as those to be subsequently measured at fair value or amortised cost using the effective interest method dependent on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities are classified as those to be subsequently measured at fair value or amortised cost.

#### Loans and receivables

Loans and receivables are subsequently recognised at amortised costs less an allowance for any uncollectible amounts. Loans and receivables are included in current assets, except for those which are not expected to be received within 12 months after the end of the reporting period.

**2. Significant accounting policies (continued)****Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**(f) Exploration and evaluation assets**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measure of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with the development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance will then be reclassified to capitalised development costs.

**(g) Impairment of tangible assets other than exploration and evaluation assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current

**2. Significant accounting policies (continued)**

market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

**(h) Income tax****Current tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**Deferred tax**

Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. A deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred tax for the period**

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

**(i) Research & development tax incentive**

The Research & development (R&D) tax incentive refund relates to eligible R&D activities undertaken by the group. The tax credit is recognised when it is probable that the economic benefit will flow to the company and the amount can be reliably measured. This credit is recognised in current tax (refer note 2(h) above).

**(j) Leased assets**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**2. Significant accounting policies (continued)****(k) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment except for freehold land.

Depreciation is calculated on a diminishing value and straight line basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The range of useful lives for each class of plant equipment for the year were:

Plant and equipment:	4-10 years
Computer equipment:	3-5 years
Motor vehicles:	3-5 years

The gain or loss arising on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

**(l) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(m) Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Rock revenue

Revenue from the sale of rock is measured at the fair value for the consideration received or receivable. The revenue is recognised when the rock is removed from the company premises. There are no cartage expenses as the customer utilises their own assets to source and remove the rock.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**(n) Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**(o) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financial activities which are recoverable from a payable to the taxation authority, are presented as operating cash flows.

**2. Significant accounting policies (continued)****(p) Trade and other payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(q) Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

**(r) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

**(s) Finance costs**

Finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings

**(t) Critical accounting estimates and judgements****Exploration and evaluation costs**

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity may commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and directly allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest or activities that are not at a stage that permits a reasonable estimate of the existence of economically recoverable reserves. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Management have assessed the balance of capitalised exploration costs in line with future planned exploration activities and the entity's accounting policy and have determined that impairment was necessary.

**Income tax**

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**Recovery of deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## 2. Significant accounting policies (continued)

### Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes valuation method of taking into account the terms and conditions upon which the instruments were granted. The company employs an external consultant to complete the valuation and this takes into account the expected volatility of the share price as one of the key components of the valuation. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### (u) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

## 3. New Accounting Standards for Application in Current and Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- *AASB 9 Financial Instruments (December 2014) and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (applicable for annual reporting periods commencing on or after 1 January 2018)*

AASB 9 includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements.

The changes made to accounting requirements by these standards include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value and an allowance for debt instruments to be carried at fair value through other comprehensive income in certain circumstances
- simplifying the requirements for embedded derivatives
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows
- amending the rules for financial liabilities that the entity elects to measure at fair value, requiring changes in fair value attributed to the entity's own credit risk to be presented in other comprehensive income
- introducing new general hedge accounting requirements intended to more closely align hedge accounting with risk management activities as well as the addition of new disclosure requirements
- requirements for impairment of financial assets

The company has not yet assessed the impact of this standard.

**4. Revenue and expenses**

	Consolidated	
	2015	2014
	\$	\$

The loss before income tax includes the following items of revenue and expenses.

**(a) Revenue****Operating revenue**

Rental income	112,500	-
Sale of non-gold materials	37,021	88,582
<b>Other revenue</b>		
Interest	26,410	32,348
Sundry income	16,171	-
<b>Total revenue</b>	<b>192,102</b>	<b>120,930</b>

**(b) Expenses****Employee benefits expense**

Employee benefits	26,420	4,154
Share based payments expense	147,000	66,500
Superannuation expense	12,278	3,838
	<b>185,698</b>	<b>74,492</b>

**Finance costs**

Interest	221,258	230,000
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**5. Income tax**

(a) The tax rate used in this reconciliation is the corporate tax rate of 30%

Loss from operations	(634,351)	(926,650)
Prima facie tax benefit calculated at 30% (2014: 30%)	190,305	277,995
Add tax effect of:		
- Non deductible expenses	3,628	5,205
- Share based payments	(44,100)	(19,950)
- R&D tax incentive payments	-	(19,355)
Less tax effect of:		
Current year tax loss not recognised	(149,833)	(243,895)
R&D tax incentive	384,838	183,878
<b>Income Tax Benefit</b>	<b>384,838</b>	<b>183,878</b>

(b) The following deferred tax asset is not recognised due to the uncertainty of timing in relation to when future taxable profits will be derived.

A deferred tax asset attributable to tax losses and timing differences has not been brought to account.	3,844,826	3,694,993
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**6. Earnings per share**

<b>Consolidated</b>	
<b>2015</b>	<b>2014</b>
<b>\$</b>	<b>\$</b>

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Net loss	<b>634,351</b>	742,772
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<b>306,939,797</b>	263,731,167

As discussed in Note 20, the company has issued options over its unissued share capital. These options are anti-dilutive in nature due to the company incurring losses and the share price being less than the exercise price. They therefore have not been incorporated into the diluted earnings per share calculation.

**7. Receivables**

Trade receivables	-	34,214
Other receivables	<b>27,023</b>	60,478
<b>Total receivables</b>	<b>27,023</b>	94,962

**8. Security deposits****Non-current assets**

Security deposits - environmental bonds (i)	<b>597,000</b>	574,000
Security deposits - rental bonds	<b>1,215</b>	1,215
<b>Total other assets</b>	<b>598,215</b>	575,215

**(i) Security deposits – environmental bonds**

The company holds security deposits, in the form of term deposits with its banker. These are guarantees for performance conditions set by the Department of Economic Development, Jobs, Transport and Resources Victoria on mining tenements held by the company. Those guarantees are held to cover any future rehabilitation obligations the company may have on the mining tenements. When all obligations in relation to a mining tenement are finalised the relevant guarantee will be released and associated environmental bond will be redeemed. The deposits are shown as non-current assets since it is not expected that they will be repaid during the coming 12 months. These cash deposits earn interest for the company.

**9. Exploration and evaluation assets**

<b>Consolidated</b>		
<b>2015</b>	<b>2014</b>	
<b>\$</b>	<b>\$</b>	
<b>Balance at beginning of the year</b>	<b>6,125,364</b>	5,591,202
Exploration costs capitalised for the year	<b>1,096,747</b>	925,459
Impairment charge for the year	<b>(403,934)</b>	(391,297)
<b>Balance at end of the year</b>	<b>6,818,177</b>	6,125,364

During the financial year the group reassessed the recoverable value of all tenement areas of interest to which exploration costs had been capitalised and some impairment charges were deemed applicable in respect of tenement areas either surrendered or reduced in their size. The impairment charge for the year was determined at the end of the financial year and was calculated on a pro-rata basis of the specific area surrendered to the total area for that tenement.



## 10. Property, plant and equipment

	Consolidated				
	Land	Plant and equipment	Computer equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>					
<b>Balance at 1 July 2013</b>	27,028	67,423	123,691	86,211	304,353
Additions	-	-	1,858	-	1,858
Disposals	-	-	-	-	-
<b>Balance 1 July 2014</b>	27,028	67,423	125,549	86,211	306,211
Additions	-	-	2,116	20,000	22,116
Disposals	-	-	-	-	-
<b>Balance 30 June 2015</b>	<b>27,028</b>	<b>67,423</b>	<b>127,665</b>	<b>106,211</b>	<b>328,327</b>
<b>Accumulated depreciation</b>					
<b>Balance at 1 July 2013</b>	-	(38,838)	(115,415)	(82,481)	(236,734)
Depreciation expense	-	(4,496)	(4,340)	(933)	(9,769)
Disposals	-	-	-	-	-
<b>Balance 1 July 2014</b>	-	(43,334)	(119,755)	(83,414)	(249,503)
Depreciation expense	-	(3,759)	(2,532)	(5,282)	(11,573)
Disposals	-	-	-	-	-
<b>Balance 30 June 2015</b>	-	<b>(47,093)</b>	<b>(122,287)</b>	<b>(88,696)</b>	<b>(258,076)</b>
<b>Net book value</b>					
As at 30 June 2014	27,028	24,089	5,794	2,797	59,708
<b>As at 30 June 2015</b>	<b>27,028</b>	<b>20,330</b>	<b>5,378</b>	<b>17,515</b>	<b>70,251</b>

## 11. Trade and other payables

	Consolidated	
	2015	2014
	\$	\$
Trade payables	80,101	94,306
Other payables	43,456	61,674
	<b>123,557</b>	<b>155,980</b>

**12 Issued capital**

	<b>2015</b>	<b>2014</b>
<b>(a) Issued and paid capital</b>		
Ordinary shares fully paid	<b>17,714,489</b>	<b>16,429,818</b>

**(b) Movements in shares on issue**

	Year ended 30 June 2015		Year ended 30 June 2014	
	Number of shares issued	Issued capital \$	Number of shares issued	Issued capital \$
<b>Balance at beginning of the year</b>	<b>288,414,010</b>	<b>16,429,818</b>	223,440,832	14,849,266
Movements during the year				
Placement of shares			-	-
2 July 2014	13,000,000	390,000	-	-
15 April 2015	7,520,337	248,171	-	-
1 May 2015	4,300,000	150,500		
6 September 2013	-	-	41,000,000	820,000
10 February 2014	-	-	2,761,056	76,852
21 March 2014	-	-	21,212,122	700,000
Conversion of convertible notes				
5 August 2014	300,000	12,000	-	-
15 April 2015	14,666,668	484,000		
Share issue expenses	-	-	-	(16,300)
<b>Balance at end of the year</b>	<b>328,201,015</b>	<b>17,714,489</b>	288,414,010	16,429,818

**(c) Terms and conditions of issued capital**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

**Share options granted under the employee share option plan**

As at 30 June 2015 there were 5,550,000 options over ordinary shares. These options were issued in accordance with the provisions of the employee share option plan to executives and senior employees (2014: 3,600,000). Of these options 5,550,000 were vested by 30 June 2015 (2014: 3,600,000).

Share options granted under the employee share option plan carry no rights to dividends and have no voting rights. Further details of the employee share option plan are contained in note 20 to the financial statements.

**Other share options on issue**

As at 30 June 2015 there were 25,000,000 options over ordinary shares issued to directors (2014: 22,000,000). Of these options 25,000,000 were vested by 30 June 2015 (2014: 22,000,000).

The options carry no rights to dividends and have no voting rights. Further details of these options are shown in note 20 to the financial statements.

**(d) Capital management**

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.

**13. Reserves**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Options Reserve</b>		
Balance at beginning of the year	208,924	142,424
Recognition of share based payments	147,000	66,500
<b>Balance at end of the year</b>	<b>355,924</b>	<b>208,924</b>

The options reserve represents the fair value of unvested and vested ordinary shares under option granted to directors, consultants and employees.

**14 Notes to the statement of cash flows**

<b>(a) Reconciliation of loss after tax to net cash flows from operations</b>		
Net loss for the period	(634,351)	(742,772)
Depreciation of property, plant and equipment	11,574	9,768
Share option expenses	147,000	66,500
Impairment of exploration and evaluation assets	403,934	391,297
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in receivables	67,939	(59,555)
Increase/(Decrease) in creditors	(32,423)	26,819
Increase/(Decrease) in employee provisions	651	(1,481)
<b>Net cash used in operating activities</b>	<b>(35,676)</b>	<b>(309,424)</b>
<b>(b) Reconciliation of cash</b>		
Cash and cash equivalents comprise:		
Cash on hand and at call	194,527	473,396
	<b>194,527</b>	<b>473,396</b>
<b>(c) Non-cash investing activity</b>		
Purchase of Clonbinane tenements with issue of 13,000,000 shares	390,000	-
Issue of 300,000 shares to settle convertible notes	12,000	-
Issue of 708,216 shares to settle exploration expenditure	23,371	-
Issue of 14,666,668 shares to settle convertible notes	484,000	-
	<b>909,371</b>	<b>-</b>

**15. Borrowings****Current**

Unsecured convertible notes (i)	100,000	-
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**Non-current**

Unsecured convertible notes (i)	1,814,000	2,300,000
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**Total borrowings**

	<b>1,914,000</b>	<b>2,300,000</b>
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- (i) The Company has issued four series of Unsecured Convertible Notes for a total of \$1,914,000.

Series 1: 2.5 million Notes issued at 4 cents on 14 September 2010 for a total of \$100,000.  
 Series 2: 13.75 million Notes issued at 4 cents on 2 September 2011 for a total of \$550,000  
 Series 3: 25 million Notes issued at 3 cents on 4 May 2012 for a total of \$750,000  
 Series 4: 10.28 million Notes issued at 5 cents on 15 April 2015 for a total of \$514,000

Each series of Convertible Note has the following terms:

- Interest is payable at 10% per annum every six months after the issue date;
- Convertible on a 1 for 1 basis into ordinary shares in the company at any time prior to the maturity date at the option of the note holder;
- Redeemable for cash in full after 5 years, if not converted;
- Unsecured but rank ahead of shareholders; and
- Protected for reorganisation events such as bonus issues and share consolidations.

**16. Provisions**

	Consolidated	
	2015	2014
	\$	\$
<b>Current</b>		
Employee benefits – annual leave	4,783	4,132

**17. Planned exploration expenditure****(a) Planned exploration expenditure**

The amounts detailed below are the minimum expenditure required to maintain ownership of the current tenements held. An obligation may be cancelled if a tenement is surrendered.

Not longer than 1 year	682,650	578,212
Longer than 1 year and not longer than 5 years	2,988,850	2,235,312
Longer than 5 years	-	-
	<b>3,671,500</b>	<b>2,813,524</b>

**(b) Capital expenditure commitments**

There were no capital expenditure commitments at 30 June 2015 or 30 June 2014.

**(c) Operating lease commitments**

Not longer than 1 year	4,867	4,967
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<b>4,867</b>	<b>4,967</b>

The above relates to a non-cancellable property lease on a house at Nagambie which is used for company business. The lease is for a 12 month period expiring in October 2015. There is no option to purchase the property at the end of the lease period.

**18. Subsidiaries**

<u>Name of entity</u>	<u>Country of incorporation</u>	Ownership interest	
		2015	2014
		%	%
<b>Parent entity</b>			
Nagambie Mining Limited	Australia	-	-
<b>Subsidiaries</b>			
Nagambie Landfill Pty Ltd	Australia	100	100
Nagambie Developments Pty Ltd	Australia	100	100
Clonbinane Goldfield Pty Ltd	Australia	100	100

## 19. Financial instruments

The board of directors is responsible for monitoring and managing the financial risk exposures of the Group, to which end it monitors the financial risk management policies and exposures and approves financial transactions and reviews related internal controls within the scope of its authority. The board has determined that the only significant financial risk exposure of the Group is liquidity risk. Other financial risks are not significant to the Group due to the following:

- It has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars;
- It has no significant outstanding receivable balances that have a credit risk;
- Its mining operations are in the exploration phase and therefore have no direct exposure to movements in commodity prices;
- All of the interest bearing instruments are held at amortised cost which have fair values that approximate their carrying values since all cash and payables have maturity dates within one financial year. The chattel mortgage loans have repayment terms up to 1 year. Term deposits on environmental bonds and convertible notes have interest rate yields consistent with current market rates;
- All of the financing for the Group is from equity and convertible note instruments, and
- The Group has no externally imposed capital requirements with the exception of an ASX requirement to not issue more than 25% of its share capital through a placement in a 12 month period.

### (a) Categories of financial instruments

	Consolidated	
	2015 \$	2014 \$
<b>Financial assets</b>		
Security deposits and receivables	625,238	670,177
Cash and cash equivalents	194,527	473,396
<b>Financial liabilities</b>		
Trade and other payables	123,557	155,980
Borrowings	1,914,000	2,300,000

### (b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient cash balances to meet obligations as and when they fall due.

The following tables detail the company's and the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated liabilities	Interest rate	Less than 1 month	1-3 months	3+ months to 1 year	1-5 years	5+ years
	%	\$	\$	\$	\$	\$
<b>2015</b>						
Trade and other payables	-	123,557	-	-	-	-
Borrowings	10.0	-	132,500	153,900	2,122,100	-
		123,557	132,500	153,900	2,122,100	-
<b>2014</b>						
Trade and other payables	-	155,980	-	-	-	-
Borrowings	10.0	-	77,500	152,500	2,812,500	-
		155,980	77,500	152,500	2,812,500	-

## 20. Share-based payments

The consolidated entity has an ownership-based remuneration scheme for executives (including executive directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, executives with the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors. Each executive share option converts into one ordinary share of Nagambie Mining Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors. The options granted expire five years after their issue, or one month after the resignation of the executive, whichever is the earlier. There is a total of 33,550,000 (2014: 25,600,000) options on issue. Of these 8,550,000 (2014: 3,600,000) have been issued to executives and employees and the balance of 25,000,000 (2014: 18,000,000) have been issued to directors as approved by shareholders.

Information with respect to the number of all options granted including executive options is as follows:

	30 June 2015		30 June 2014	
	Number of options	Exercise price	Number of options	Exercise price
Balance at beginning of period	25,600,000	10 cents	20,650,000	10 cents
granted during year	10,500,000	10 cents	9,500,000	10 cents
lapsed or exercised	(2,550,000)	10 cents	(4,550,000)	-
Balance at end of period	33,550,000	10 cents	25,600,000	10 cents

Options held at the end of the reporting period

Number of options	Grant date	Vesting date	Expiry date	Exercise price	Fair value at grant date
4,000,000	26/11/2010	26/11/2012	26/11/2015	10 cents	0.60 cents
400,000	11/03/2011	11/03/2013	11/03/2016	10 cents	0.60 cents
4,400,000	30/11/2011	30/11/2011	30/11/2016	10 cents	0.51 cents
4,750,000	31/10/2012	31/10/2012	31/10/2017	10 cents	0.43 cents
9,500,000	3/12/2013	3/12/2013	3/12/2018	10 cents	0.70 cents
10,500,000	28/11/14	28/11/14	28/11/19	10 cents	1.40 cents
33,550,000					

(i) **Exercised during the financial year**

There were no options exercised during the financial year

(ii) **Equity-settled employee benefits reserve**

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

The weighted average fair value of the share options granted during the financial year is 1.40 cents (2014: 0.70 cents). Options were priced using a Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years. The options may not be exercised early, executives and senior employees are not able to exercise the options before vesting date.

Inputs into the model	Options
Grant date	28/11/2014
Options Issued	10,500,000
Share price at grant date	4.5 cents
Exercise price	10.0 cents
Expected volatility	73%
Option life	5 years
Dividend yield	Nil
Risk free interest rate	3.0%
Vesting date	28/11/2014

## 21. Key management personnel compensation

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	360,909	446,288
Post-employment benefits	3,990	3,885
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	112,000	56,000
	<b>476,899</b>	<b>506,173</b>

## (a) Remuneration options: granted and vested during the period

There were 8,000,000 options issued during the reporting period relating to key management personnel (2014: 8,000,000).

## (b) Shares issued on exercise of remuneration options

No shares were issued on the exercise of remuneration options during the reporting period relating to key management personnel (2014: Nil).

## (c) Option holdings of key management personnel

Year ended 30 June 2015	Opening Balance 1 July 2014	Granted as remuneration	Options exercised expired or transferred out	Closing Balance 30 June 2015	Vested and exercisable at 30 June 2015
Michael Trumbull	7,500,000	4,000,000	(500,000)	11,000,000	11,000,000
Geoff Turner	5,500,000	2,000,000	(500,000)	7,000,000	7,000,000
Kevin Perrin	5,000,000	2,000,000	-	7,000,000	7,000,000
<b>Total</b>	<b>18,000,000</b>	<b>8,000,000</b>	<b>(1,000,000)</b>	<b>25,000,000</b>	<b>25,000,000</b>

Year ended 30 June 2014	Opening Balance 1 July 2013	Granted as remuneration	Options exercised expired or transferred out	Closing Balance 30 June 2014	Vested and exercisable at 30 June 2014
Michael Trumbull	4,500,000	4,000,000	(1,000,000)	7,500,000	7,500,000
Geoff Turner	4,500,000	2,000,000	(1,000,000)	5,500,000	5,500,000
Kevin Perrin	3,000,000	2,000,000	-	5,000,000	5,000,000
<b>Total</b>	<b>12,000,000</b>	<b>8,000,000</b>	<b>(2,000,000)</b>	<b>18,000,000</b>	<b>18,000,000</b>

**21. Key management personnel compensation (continued)****(d) Shareholdings of key management personnel**

<b>Year ended 30 June 2015</b>	<b>Balance</b>	<b>Granted as</b>	<b>On exercise</b>	<b>Net change</b>	<b>Balance</b>
<b>Ordinary shares</b>	<b>1 July 2014</b>	<b>remuneration</b>	<b>of options</b>	<b>(1)</b>	<b>30 June 2015</b>
Michael Trumbull	18,460,096	-	-	220,000	18,680,096
Geoff Turner	1,552,779	-	-	-	1,552,779
Kevin Perrin	10,809,780	-	-	-	10,809,780
<b>Total</b>	<b>30,822,655</b>	<b>-</b>	<b>-</b>	<b>220,000</b>	<b>31,042,655</b>

<b>Year ended 30 June 2014</b>	<b>Balance</b>	<b>Granted as</b>	<b>On exercise</b>	<b>Net change</b>	<b>Balance</b>
<b>Ordinary shares</b>	<b>1 July 2013</b>	<b>remuneration</b>	<b>of options</b>	<b>(1)</b>	<b>30 June 2014</b>
Michael Trumbull	21,540,192	-	-	(3,080,096)	18,460,096
Geoff Turner	1,552,779	-	-	-	1,552,779
Kevin Perrin	10,809,780	-	-	-	10,809,780
<b>Total</b>	<b>33,902,751</b>	<b>-</b>	<b>-</b>	<b>(3,080,096)</b>	<b>30,822,655</b>

(1) Net change refers to on and off market acquisitions/disposals.

All equity transactions with key management personnel other than those arising from the exercise of options have been entered into on terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

**22. Related party transactions****Transactions with key management personnel and related parties**

There were no related party transactions undertaken during the year.

**23. Segment information**

The Group operates in one principal geographical area – in Australia. The Group carries out exploration for, and development of gold associated minerals and construction materials in the area. During the year the Group earned all of its rental income described in note 4 from the Department of Defence. There was no other major reliance on any other customer.

**24. Remuneration of auditors**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Auditor of the parent entity</b>		
Audit or review of the financial report	<b>21,540</b>	20,020
Other non-audit services	-	-
	<b>21,540</b>	20,020

The auditor of Nagambie Mining Limited is William Buck Audit (Vic) Pty Ltd

**25. Contingent Liabilities**

Apart from the matter described in Note 8, Nagambie Mining Limited has no contingent liability as at 30 June 2015.



**26. Subsequent events**

The following events have occurred after reporting date and are of significance to the company:

On 29 July 2015, Nagambie Mining announced to the ASX that it had raised \$420,000 by the issue of a further 8,400,000 Series 4 Convertible Notes at 5.0 cents per note.

On 17 August 2015 the Company announced to the ASX that shareholders would be invited to participate in a Share Purchase Plan (SPP). This would enable shareholders to acquire further shares at a price of 3.3 cents per share. The SPP will be capped at \$1,000,000. The directors also advised that they intended to take up their maximum entitlement.

**27. Parent entity disclosures**

The following information are the disclosures pertaining to the parent entity:

	Parent	
	2015	2014
	\$	\$
Current assets	221,550	568,358
Total assets	7,814,400	7,328,645
Current liabilities	228,340	160,112
Total liabilities	2,042,340	2,460,112
Issued capital	17,714,489	16,429,818
Options reserve	355,924	208,924
Accumulated losses	(12,298,353)	(11,770,209)
Loss	(634,351)	(742,772)
Total comprehensive income	(634,351)	(742,772)

There were no contingent liabilities and commitments of the parent entity not otherwise disclosed in the consolidated financial statements.

## Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- (c) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors



Michael W Trumbull  
Executive Chairman

Melbourne  
28 August 2015

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAGAMBIE MINING LIMITED AND CONTROLLED ENTITIES

### Report on the Financial Report

We have audited the accompanying financial report of Nagambie Mining Limited (the Company), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### CHARTERED ACCOUNTANTS & ADVISORS

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAGAMBIE MINING LIMITED  
AND CONTROLLED ENTITIES (CONT)**

*Auditor's Opinion*

In our opinion:

- a) the accompanying financial report of Nagambie Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Company and consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

*Inherent Uncertainty Regarding Continuation as a Going Concern*

Without qualification to the opinion expressed above, we draw attention to Note 2 to the financial report which indicates that the consolidated entity had a net loss of \$634,351 and net cash outflows of \$35,676. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty as to whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion, the Remuneration Report of Nagambie Mining Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial report of Nagambie Mining Limited for the year ended 30 June 2015 included on Company's web site. The Company's directors are responsible for the integrity of the Company's web site. We have not been engaged to report on the integrity of the Company's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

**William Buck Audit (VIC) Pty Ltd**

ABN: 59 116 151 136

A handwritten signature in black ink, appearing to read 'N. S. Benbow'.

**N. S. Benbow**

Director

Dated this 28<sup>th</sup> day of August, 2015